



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 14, 2000

Stanley I. Greenberg, Esquire
11845 West Olympic Boulevard
Suite 1000
Los Angeles, California 90067

RE: MUR 5027
Mark Nichols

Dear Mr. Greenberg:

This matter was referred to the Federal Election Commission by the United States Department of Justice. Pursuant to the plea agreement entered into by your client, Mark Nichols, he has agreed to submit to the Federal Election Commission's jurisdiction with regard to certain illegal campaign contributions made in 1994 and 1995. Under the terms of the plea agreement, your client has agreed to pay a \$56,000 civil penalty to the Federal Election Commission in connection with the violations.

Based upon the information contained in the plea agreement and referral, on June 9, 2000, the Federal Election Commission found that there is reason to believe Mark Nichols knowingly and willfully violated 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). Enclosed is a copy of the General Counsel's Factual and Legal Analysis which formed a basis for the Commission's findings.

In order to expedite the resolution of this matter, enclosed is a conciliation agreement offered in settlement of this matter prior to a finding of probable cause to believe. You should respond to this notification within ten days.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

Stanley Greenberg, Esquire
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For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Maura Callaway, Special Assistant, at 202-694-1650.

Sincerely,

A handwritten signature in dark ink, appearing to read "Darryl R. Wold". The signature is fluid and cursive, with the first name "Darryl" being more prominent.

Darryl R. Wold
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Conciliation Agreement

21.04.402.3378

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Mark Nichols

MUR: 5027

This matter was referred to the Federal Election Commission by the United States Department of Justice. The Department of Justice conducted a criminal investigation and entered into a plea agreement with Mark Nichols. Pursuant to the plea agreement, Mark Nichols has paid a \$200,000 criminal fine and been sentenced to three years probation.

In the plea agreement, Mark Nichols plead guilty to violating 2 U.S.C. § 441f by causing the making of illegal conduit campaign contributions. According to the plea agreement, Mark Nichols admits that his conduct knowingly and willfully violated 2 U.S.C. § 441f and that the FEC has exclusive authority to seek civil remedies against him for those violations pursuant to 2 U.S.C. § 437g(a)(5). The agreement states that the defendant agrees to submit to the FEC's jurisdiction, to cooperate with the FEC in its compliance proceedings against him, including waiving FEC notification procedures to which he may be entitled, all evidentiary privileges, and any statute of limitations which may be applicable to the FEC proceedings, and to enter into a conciliation agreement with the FEC and to pay whatever civil penalty the FEC deems appropriate pursuant to 2 U.S.C. § 437g(a)(5).

Mark Nichols was the Chief Executive Officer ("CEO") of the Cabazon Band of the Mission Indians ("Tribe") in Riverside, California. As CEO, he supervised employees of the Tribe, including employees of the Fantasy Springs Casino, which was owned and operated by the Tribe. Gregorio Cervantes was Customer Service Representative of the Tribe in Riverside County, California. The referral from the Department of Justice states that beginning in or about October 1994 and continuing through December 12, 1995, Mark Nichols engaged in a scheme to knowingly and willfully cause the Tribe to circumvent the campaign contribution limits by using the Tribe's money to make at least 28 conduit contributions, usually in \$1,000 amounts, through various members or employees of the Tribe to Clinton/Gore '96 and various candidates for the United States Senate and House of Representatives. According to the referral, Mr. Nichols engaged in this conduct knowing that it constituted a violation of 2 U.S.C. § 441f.

The manner in which this scheme was effectuated was to encourage the conduits to make contributions to a candidate with the understanding that they would be reimbursed for their contributions by the Tribe. Mark Nichols would make the reimbursement payments by issuing the conduits either bonuses or

loans which were subsequently forgiven. The referral detailed only a portion of the 28 conduit contributions involved herein, as follows:

On June 15, 1995, Mark Nichols caused Donald Goodman, a casino employee, and Elaine Goodman to each issue a check for \$1,000 to Clinton/Gore '96. On or about June 20, 1995, Mark Nichols caused the Tribe to issue Donald Goodman a check in the amount of \$10,000 as reimbursement for the two June 15, 1995, checks. Mr. Goodman deposited the reimbursement check into the Goodman's joint account on or about June 24, 1995.

On or about June 17, 1995, Gregorio and Hortencia Cervantes each issued a check in the amount of \$1,000 to Clinton/Gore '96. On or about June 19, 1995, Mark Nichols caused the Tribe to issue Gregorio Cervantes a check in the amount of \$4,000, a portion of which was used to reimburse Gregorio and Hortencia Cervantes for their contributions. Mr. Cervantes deposited half of the reimbursement check (\$2,000) into the Cervantes' joint account on or about June 20, 1995.

On or about July 25, 1995, Gregorio Cervantes caused his sister, Beartice Cervantes, to issue a check for \$1,000 to Clinton/Gore '96 Primary. On or about July 26, 1995, Mark Nichols caused the Tribe to issue Gregorio Cervantes a check for \$2,000, of which \$1,000 was intended as reimbursement to Beartice Cervantes for her contribution. On or about July 27, 1995, Gregorio Cervantes, using the proceeds of the Tribe's \$2,000 check given to him by Mark Nichols, deposited \$1,000 in cash into Beartice Cervantes' bank account as reimbursement for her July 25, 1995, contribution of \$1,000 to Clinton/Gore '96 Primary.

On or about June 29, 1995, Mark Nichols caused David Riemer, a casino employee, to issue a check for \$1,000 to Clinton/Gore '96. On or about September 15, 1995, Mark Nichols caused AnnMarie Riemer to issue a check for \$1,000 to Clinton/Gore '96. On or about September 19, 1995, Mark Nichols caused the Tribe to issue David Riemer a check for \$2,000 as reimbursement for the Riemers' two contributions. On or about September 19, 1995, David Riemer deposited the \$2,000 reimbursement check into his account.

Pursuant to 2 U.S.C. § 441f, no person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution and no person shall knowingly accept a contribution made by one person in the name of another person.

In light of the facts contained in the referral and Mr. Nichol's guilty plea, there is reason to believe that Mark Nichols knowingly and willfully violated 2 U.S.C. § 441f by assisting in the making of contributions by the Tribe in the name of others to Clinton/Gore '96 and to various campaigns for the U.S. House of Representatives and U.S. Senate.



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 14, 2000

Robert L. Corbin, Esquire
Corbin & Fitzgerald, LLP
601 West Fifth Street
12th Floor
Los Angeles, California 90071-2025

RE: MUR 5027
Gregorio Cervantes

Dear Mr. Corbin:

This matter was referred to the Federal Election Commission by the United States Department of Justice. Pursuant to the plea agreement entered into by your client, Gregorio Cervantes, he has agreed to submit to the Federal Election Commission's jurisdiction with regard to certain illegal campaign contributions made in 1994 and 1995. Under the terms of the plea agreement, your client has agreed to pay a \$26,000 civil penalty to the Federal Election Commission in connection with the violations.

Based upon the information contained in the plea agreement and referral, on June 9, 2000, the Federal Election Commission found that there is reason to believe Gregorio Cervantes knowingly and willfully violated 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). Enclosed is a copy of the General Counsel's Factual and Legal Analysis which formed a basis for the Commission's findings.

In order to expedite the resolution of this matter, enclosed is a conciliation agreement offered in settlement of this matter prior to a finding of probable cause to believe. You should respond to this notification within ten days.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

Robert L. Corbin, Esquire
Page 2

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Maura Callaway, Special Assistant, at 202-694-1650.

Sincerely,

A handwritten signature in black ink, appearing to read "Darryl R. Wold". The signature is written in a cursive, flowing style.

Darryl R. Wold
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Conciliation Agreement

21.04.403.3382

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Gregorio Cervantes

MUR: 5027

This matter was referred to the Commission by the United States Department of Justice. The Department of Justice has conducted a criminal investigation involving Gregorio Cervantes and entered into a plea agreement with him. Pursuant to the plea agreement, Gregorio Cervantes has paid a \$13,000 criminal fine and been sentenced to one year probation.

In the plea agreement Gregorio Cervantes plead guilty to violating 2 U.S.C. § 441f by causing the making of illegal conduit campaign contributions. According to the plea agreement, Gregorio Cervantes admits that his conduct knowingly and willfully violated 2 U.S.C. § 441f and that the FEC has exclusive authority to seek civil remedies against him for those violations pursuant to 2 U.S.C. § 437g(a)(5). The agreement states that the defendant agrees to submit to the FEC's jurisdiction, to cooperate with the FEC in its compliance proceedings against him, including waiving FEC notification procedures to which he may be entitled, all evidentiary privileges, and any statute of limitations which may be applicable to the FEC proceedings, and to enter into a conciliation agreement with the FEC and to pay whatever civil penalty the FEC deems appropriate pursuant to 2 U.S.C. § 437g(a)(5).

Mark Nichols was the Chief Executive Officer ("CEO") of the Cabazon Band of the Mission Indians ("Tribe") in Riverside, California. As CEO, he supervised employees of the Tribe, including employees of the Fantasy Springs Casino, which was owned and operated by the Tribe. Gregorio Cervantes was Customer Service Representative of the Tribe in Riverside County, California. The referral from the Department of Justice states that beginning in or about October 1994 and continuing through July 1995, Gregorio Cervantes, in concert with Mark Nichols, engaged in a scheme to knowingly and willfully cause the Tribe to circumvent the campaign contribution limits by using the Tribe's money to make at least 13 conduit contributions, usually in \$1,000 amounts, to Clinton/Gore '96 and various candidates for the United States Senate and House of Representatives. According to the referral, Mr. Cervantes engaged in this conduct knowing that it constituted a violation of 2 U.S.C. § 441f.

As part of the scheme, Gregorio Cervantes would encourage family members to make contributions to a candidate with the understanding that they would be reimbursed by the Tribe for their contributions. Within a few days of the conduits making the contributions, Mark Nichols would cause the Tribe to issue either a bonus check or a loan to Gregorio Cervantes, who in turn would

reimburse the conduit family members. The referral detailed only a portion of the 13 conduit contributions involved herein, as follows:

On or about June 17, 1995, Gregorio Cervantes issued a check for \$1,000 to Clinton/Gore '96, and caused Hortencia Cervantes to issue a check for \$1,000 to Clinton/Gore '96. On or about June 19, 1995, Mark Nichols caused the Tribe to issue Gregorio Cervantes a check for \$4,000, a portion of which was to be used to reimburse Gregorio and Hortencia Cervantes for their contributions. On or about June 20, 1995, Gregorio Cervantes deposited \$2,000 into the Cervantes' joint account as reimbursement for their contributions.

On or about July 25, 1995, Gregorio Cervantes caused his sister, Beatrice Cervantes, to issue a check for \$1,000 to Clinton/Gore '96 Primary. On or about July 26, 1995, Mark Nichols caused the Tribe to issue Gregorio Cervantes a check for \$2,000, of which \$1,000 was intended as reimbursement to Beatrice Cervantes for her contribution. On or about July 27, 1995, Gregorio Cervantes, using the proceeds of the Tribe's \$2,000 check given to him by Mark Nichols, deposited \$1,000 in cash into Beatrice Cervantes' bank account as reimbursement for her July 25, 1995, contribution of \$1,000 to Clinton/Gore '96 Primary.

Pursuant to 2 U.S.C. § 441f, no person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution and no person shall knowingly accept a contribution made by one person in the name of another person.

In light of the facts contained in the referral and Mr. Cervantes' guilty plea, there is reason to believe that Gregorio Cervantes knowingly and willfully violated 2 U.S.C. § 441f by assisting in the making of contributions by the Tribe in the name of others to Clinton/Gore '96 and to various campaigns for the U.S. House of Representatives and U.S. Senate.